

Opening Statement of Congressman John Shadegg
Financial Services Committee Hearing:
“Divesting Saddam: Freezing, Seizing, and Repatriating Saddam’s Money to the
Iraqi’s”
May 14, 2003

Thank you, Chairwoman Kelly for holding a hearing on this important topic. I would like to draw the attention of everyone present or listening to this hearing today to the plight of the American citizen victims of the first Gulf War.

The issue of seizing Iraqi assets is one that I have been following for several years. One of my constituents and a friend of mine, Mr. Ian McPherson, has been active in assisting Americans claimants who suffered property losses arising out of the 1990 Iraqi invasion of Kuwait obtain compensation from frozen Iraqi assets. I have long supported Mr. McPherson’s efforts to obtain compensation for this group of American citizens many of whom lost homes, businesses, and suffered substantial financial losses as a result of the invasion.

The United States Foreign Claims Settlement Commission (“USFCSC” or “Commission”) is an independent quasi-judicial federal agency within the Department of Justice whose primary mission is to determine the validity and valuation of claims of United States nationals for loss of property in foreign countries. These losses have occurred either as a result of nationalization of property by foreign governments or from damage to and loss of property as a result of military operations abroad.

In 1995, the Commission drafted proposed legislation to resolve claims by U.S. nationals against Iraq for property and financial losses arising out of the August 1990 invasion of Kuwait. The United Nations Compensation Commission (“UNCC”) in Geneva has jurisdiction over the claims of U.S. nationals arising after Iraq’s invasion of Kuwait.

The United States, through the Department of State, Office of International Claims and Investment Disputes, approved 3,100 claims for injuries, damages, and losses suffered by American individual citizen claimants arising out of the Iraqi invasion. The total amount in private individual claims was originally approximately \$215 million. In the decade-plus period between private individual losses and the present, these American claimants have coped with the frustrations of a UNCC process that has yielded little by way of judgments or payments to U.S. claimants.

The USFCSC has jurisdiction to hear the cases of the 3,100 citizens whose claims have languished before the UNCC. Because information concerning the identities of claimants who have registered claims with the USFCSC is confidential, it is difficult to provide numerical data concerning the number of individuals who have registered claims with the USFCSC.

In 1997, I offered an amendment to H.R. 1757, the “Foreign Affairs Reform and Restructuring Act of 1997 (engrossed Senate Amendment to S.903)” which was geared toward getting victims of the Iraqi invasion (including decisions issued by the USFCSC) compensation from Iraq’s assets frozen and controlled by the U.S. However, this amendment failed to gain

approval of the House of Representatives. Subsequently, during the 107th Congress, I introduced H.R. 1632 – The Justice for Victims of Iraq Aggression Act – a bill which would authorize the Treasury to establish an Iraqi claims fund from frozen Iraqi assets. The bill would also have required the USFCSC to coordinate with the UNCC to compensate American citizens for their losses due to actions by the Iraqi government.

Other members of Congress have recognized the difficulty American nationals have had in receiving compensation for losses from foreign governments. In the 107th Congress, S. 2134, “The Terrorism Victim’s Access to Compensation Act of 2002,” was introduced jointly by Senator Harkin and Senator Allen to provide American victims of state sponsored terrorism to receive compensation from blocked assets of those states.

The possibility these victims will eventually receive compensation for their losses has greatly diminished since March when President Bush issued an Executive Order which vests Iraqi government property with the Department of Treasury to be used to assist with the reconstruction of Iraq. Unless modified, the Executive Order has effectively removed the previously frozen Iraqi assets as a source of payment for American Gulf War loss claims.

In addition, the United Nations Security Council passed Resolution 1472 on March 28, 2003 – an attempt to secure to now-displaced and war-ravaged Iraqi’s with additional humanitarian, medical and related relief. Under Resolution 1472, however, it is proposed that monies which would otherwise be made available for payment of UNCC claims would be intercepted and diverted to the humanitarian purposes identified in the resolution.

Plainly, there is little argument that the humanitarian needs of the people of Iraq, especially at this time, must be recognized and addressed. While we assist in the rebuilding of Iraq, as I believe we should, we should also be aware of the deep frustration and disappointment of the uncompensated victims of the first Gulf War after a decade-long ordeal of unfulfilled promises of compensation for their losses.

Thank you, Chairwoman Kelly